

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6216

BILL NUMBER: HB 1019

NOTE PREPARED: Feb 10, 2003

BILL AMENDED: Jan 27, 2003

SUBJECT: Insurance Coverage for Inherited Metabolic Disease.

FIRST AUTHOR: Rep. Frenz

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires a state employee health benefit plan, a group accident and sickness insurance policy, and a group health maintenance organization contract to provide coverage for medical food and low protein modified food products prescribed for treatment of an inherited metabolic disease.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) The state employee health plan currently provides treatment coverage for phenylketonuria. However, the amended version of this bill includes coverage for medical food and low protein modified food products that are prescribed by a covered individual's treating physician for treatment of the covered individual's inherited metabolic disease. Four of the six state insurers responded that this provision would increase premiums. The premium increase estimates range from \$0.02 per member per month to a 10% increase in premium. Given the responses of three insurers, the 10% increase appears to be an outlier, however it is unknown how this insurer will respond if the coverage is mandated, thus a cost range is presented. The total cost to the state may range from \$427,000 to \$2.1 M.

The state may choose to absorb any additional costs of these provisions or to pass these costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The cost to local governments will vary depending upon the structure of their health benefit packages. This coverage may already be included in some local

government policies. Local governments that do not have this coverage may choose to pass the cost on to employees in the form of higher deductibles, higher premiums, or limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Potentially all.

Local Agencies Affected: Potentially all local units of government and local school corporations.

Information Sources: Keith Beesley, State Department of Personnel, 317-232-3062.

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